

Energy Performance Contracting

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Energy Performance Contracting

Why do Energy Performance Contracting?

- ⚡ Allows replacement of large capital infrastructure paid from savings
- ⚡ Reduces energy usage
 - ⚡ Lowers system peak demand
 - ⚡ Reduces wholesale energy prices
 - ⚡ Reduces emissions

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About Energy Services Companies

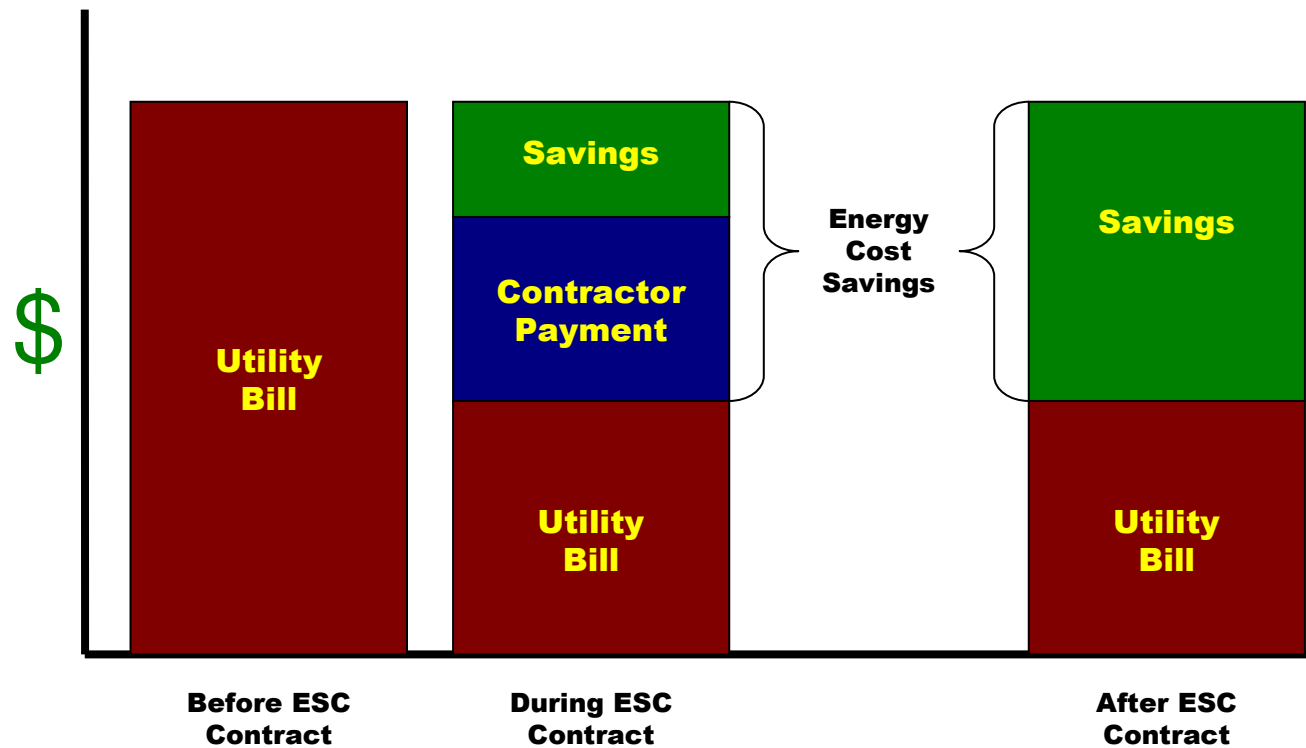
- ⚡ ESCO's purchase in volume – lower equipment unit costs
- ⚡ ESCO's have specialized expertise in energy savings
- ⚡ ESCO contracts can provide immediate energy cost savings, with deferred first lease payments – savings the first year
- ⚡ ESCO's provide guaranteed savings – ESCO balance sheet at risk
- ⚡ ESCO's provide turnkey solutions
- ⚡ “Off Balance Sheet” financing
- ⚡ Provides ability to pay for holistic solutions
- ⚡ Guarantees put ESCO's money where the mouth is

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How it works



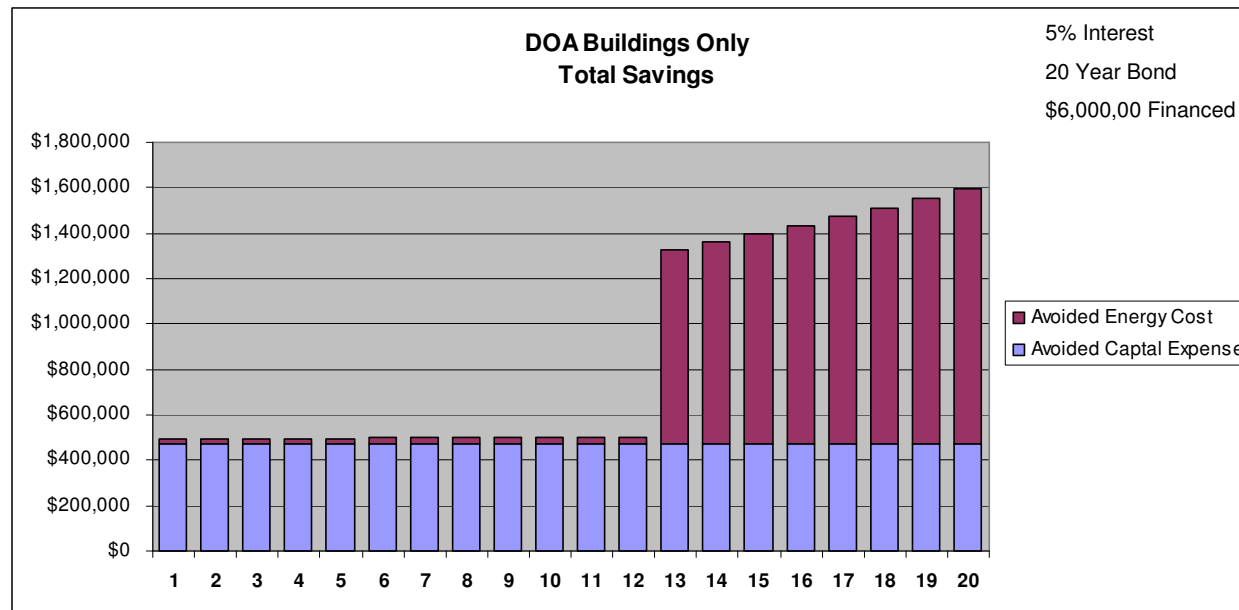
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Financial benefits

DOA Buildings Example



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Making sure it works

- ⚡ Hire 3rd party measurement and verification consultant
- ⚡ Use ESCO with solid balance sheet

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Making sure it works

Use measurement and verification consultant to:

- ✦ Establish Baseline
 - ✦ Real data measurements and logging
 - ✦ Historical information
- ✦ Review ESCO Investment Grade energy audit
- ✦ Negotiate contract
- ✦ Provide ongoing measurement and verification of performance

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How the State can help

- ⚡ Pre-qualified ESCO's
- ⚡ Pre-qualified M & V contractors
- ⚡ Pre-prepared base contract
- ⚡ Provide grant funding for soft costs

OER will share its homework



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Questions ???

February 8, 2007

